

GAO

Report to the Clerk of the House of
Representatives

July 1991

FINANCIAL AUDIT

Statement of
Accountability of the
House Finance Office
for Fiscal Year 1990



144421



United States
General Accounting Office
Washington, D.C. 20548

Comptroller General
of the United States

B-114864

July 19, 1991

The Honorable Donnal K. Anderson
Clerk of the House of Representatives

Dear Mr. Anderson:

Pursuant to your request of September 21, 1990, we have audited the accompanying Statement of Accountability for Appropriations and Other Funds arising from cash transactions of the Finance Office, House of Representatives, for the year ended September 30, 1990. We completed our audit on February 1, 1991. This statement of accountability is the responsibility of the House Finance Office's management. Our responsibility is to express an opinion on the statement based on our audit.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As explained in note 2, this statement of accountability was prepared on a cash basis, which is a comprehensive basis of accounting other than that required by generally accepted accounting principles.

In our opinion, the enclosed Statement of Accountability for Appropriations and Other Funds presents fairly, in all material respects, the receipts and disbursements of the Clerk of the House for appropriated and other funds arising from cash transactions of the House Finance Office for the year ended September 30, 1990, in conformity with the basis of accounting described above.

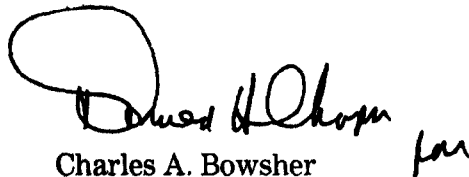
Our audit was conducted for the purpose of forming an opinion on the basic statement of accountability taken as a whole. The Schedule of Appropriations and Other Funds is presented for the purpose of additional analysis and is not a required part of the statement of accountability. This information has been subjected to the auditing procedures applied in our audit of the statement of accountability and, in our

opinion, is fairly stated in all material respects in relation to the basic statement taken as a whole.

Our report on the internal control structure and compliance with laws and regulations, together with the House Finance Office's statement of accountability, accompanying notes, and supplementary schedule for the year ended September 30, 1990, is included in this report.

We are sending copies of this report to the Chairman, Committee on House Administration. Copies will be sent to others upon request.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Charles A. Bowsher", with a stylized flourish to the right.

Charles A. Bowsher
Comptroller General
of the United States

Contents

Opinion Letter	1
Report on Internal Control Structure and Compliance With Laws and Regulations	6
Statement of Accountability for Appropriations and Other Funds	9
Notes to Statement	10
Supplemental Schedule of Appropriations and Other Funds	11

Report on Internal Control Structure and Compliance With Laws and Regulations

We have audited the Statement of Accountability for Appropriations and Other Funds of the Finance Office, House of Representatives, for the year ended September 30, 1990, and have issued our opinion thereon.

We conducted our audit in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement is free of material misstatement.

In planning and performing our audit of the House Finance Office statement of accountability for the year ended September 30, 1990, we considered the internal control structure in order to determine our auditing procedures. Our purpose was to express an opinion on the statement of accountability, not to provide assurance on the internal control structure.

The House Finance Office's management is responsible for establishing and maintaining an internal control structure. To fulfill this responsibility, management must make estimates and judgments that assess the expected benefits and related costs of internal control policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that (1) assets are safeguarded against loss from unauthorized use or disposition and (2) transactions are executed in accordance with management's authorization and, in this case, are recorded properly to permit the preparation of a statement in accordance with the cash basis of accounting as described in note 2.

Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the current structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or because the effectiveness of the design and operation of policies and procedures may deteriorate.

For purposes of this report, we have classified the House Finance Office's significant internal control policies and procedures into the following transaction categories.

Treasury: Cash (funds with the U.S. Treasury) and the Congressional Operations Appropriation.

Expenditures (miscellaneous): Expenditures incurred to procure goods and services, including supplies, equipment, and communications, as well as rents and utilities for Members' district offices.

Payroll: Compensation of House employees, including Member and committee staffs and other support personnel.

Financial reporting: The reporting process within the House Finance Office, which includes the processing and flow of financial data from the other transaction categories to the consolidation and preparation of the statement of accountability.

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures, determined whether they had been placed in operation, and assessed the associated control risk. We performed tests of control procedures for the treasury, expenditures, and payroll categories. Such tests included, but were not limited to, reviewing supporting documents, such as personnel actions and vouchers, and making observations and inquiries regarding data entry and processing procedures.

Our consideration of the internal control structure would not necessarily disclose all of its material weaknesses. A material weakness is a condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the statement of accountability may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We found no material weaknesses in the House Finance Office's internal control structure and its operation.

The management of the House Finance Office is also responsible for compliance with applicable laws and regulations. As part of obtaining reasonable assurance as to whether the House Finance Office statement of accountability is free of material misstatement, we selected and tested transactions and records to determine the House Finance Office's compliance with certain provisions of the following laws and regulations which, if not complied with, could have a material effect on the House Finance Office's statement of accountability. However, it should be noted that our objective was not to provide an opinion on the overall compliance with such provisions.

We tested for compliance with terms and provisions of

- the Legislative Branch Appropriations Acts for fiscal years 1988, 1989, and 1990 (Public Laws 100-202, 100-458, and 101-163, respectively);
- Department of the Treasury financial reporting requirements for disbursing officers (Treasury Financial Manual, volume I, chapter 3100);
- Office of Personnel Management regulations on employee benefits and employer costs (5 U.S.C., sections 8334, 8422, 8423, 8432, 8707, 8708, and 8906);
- Internal Revenue Service regulations on federal income and social security tax withholdings (26 U.S.C. 3402 and 3101); and
- the Legislative Branch Appropriations Act of 1977 (Public Law 94-440) authorizing voluntary withholding of state income taxes.

Because of the limited purposes for which our tests of compliance were made, the laws and regulations tested did not cover all legal requirements with which the House Finance Office has to comply.

The results of our tests for fiscal year 1990 indicate that, with respect to the items tested, the House Finance Office complied in all material respects with those provisions of laws and regulations referred to above. With respect to items not tested, nothing came to our attention that caused us to believe that the House Finance Office had not complied, in all material respects, with those provisions.

Statement of Accountability for Appropriations and Other Funds

Unexpended Balance, September 30, 1989	\$56,437,521
---	---------------------

Appropriations and Receipts

Current appropriations	\$637,263,000	
Revolving fund and suspense account receipts (note 3)		
House Stationery Revolving Fund	3,283,925	
Page Revolving Fund	316,190	
House Beauty Shop Revolving Fund	315,223	
House Barber Shop Revolving Fund	39,463	
House Recording Studio Revolving Fund	22,296	
Attending Physician Revolving Fund	1,553	
State Withholding Taxes—Suspense Account	16,441,798	
Suspense Account—Other	10,127	
Receipts to be deposited in the general fund of the Treasury	59,553	
Gifts to the United States for reduction of the public debt	28,038	657,781,166

Total Funds Available	\$714,218,687
------------------------------	----------------------

Expenditures and Transfers

Disbursements for salaries and other expenses less refunds and voided checks	\$661,040,568	
Transfers		
Receipts deposited in general fund of the Treasury	59,553	
Gifts to the United States for reduction of the public debt	28,038	
Lapsed appropriations transferred to the general fund of the Treasury (note 3)	16,561,925	677,690,084

Unexpended Balance, September 30, 1990	\$36,528,603
---	---------------------

The accompanying notes are an integral part of this statement.

Notes to Statement

Note 1. Description of Entity

The House Finance Office is an office under the Clerk of the House, who is the principal fiscal officer of the U.S. House of Representatives. The House Finance Office performs receipt and disbursement activities for legislative branch organizations comprising the U.S. House of Representatives. These organizations include the House Member staffs, committees, Capitol Police, and revolving funds listed in the Statement of Accountability for Appropriations and Other Funds. The statement of accountability presents a summary of financial transactions administered by the House Finance Office for the Clerk. However, the statement of accountability does not include appropriated funds disbursed by the Sergeant at Arms for Member salaries and benefits and appropriated funds disbursed by the Architect of the Capitol for utilities and maintenance of the Capitol and related office buildings.

Note 2. Significant Accounting Policies

All transactions, including appropriations, receipts, expenditures, and transfers of the general and revolving fund accounts, under the purview of the House Finance Office are maintained on a cash basis. This basis of accounting differs from generally accepted accounting principles, which require that revenues and expenses be recognized on an accrual basis.

Note 3. Lapsed Appropriations

Unexpended balances of appropriations are withdrawn at the end of the second fiscal year following the year for which the funds were appropriated. In accordance with 2 U.S.C. 102a, unpaid obligations chargeable to appropriations so withdrawn are paid from any appropriations for the same general purpose which are still available for disbursement.

Supplemental Schedule of Appropriations and Other Funds

Account	Fiscal year	Funds available—FY 1990		Funds expended—FY 1990		Unexpended balance September 30, 1990
		Unexpended balance September 30, 1989	FY 1990 Appropriations or receipts	Net disbursements	Transfers	
House leadership offices	1988	\$508,731	0	\$(9)	0	\$508,740
	1989	544,882	0	19,264	\$47	0
	1990	0	\$4,347,000	4,087,485	18,571	0
Clerk-hire, Members, Delegates, and Resident Commissioner	1988	592,584	0	721	0	591,863
	1989	326,636	0	(33,402)	0	0
	1990	0	185,441,000	189,449,671	0	0
Committee employees	1988	1,924,046	0	0	0	1,924,046
	1989	582,066	0	4,058	0	0
	1990	0	54,230,000	52,462,527	0	0
Committee on the Budget (studies)	1988	10,768	0	0	0	10,768
	1989	54,577	0	7,085	370	0
	1990	0	349,000	94,061	243,148	0
Special and select committees	1988	3,169,311	0	40,405	(187)	3,129,093
	1989	2,039,071	0	1,427,035	23,574	0
	1990	0	56,908,000	47,721,092	4,921,740	0
Allowances and expenses	1988	10,395,001	0	1,939,864	(1,130)	8,456,267
	1989	24,287,374	0	20,462,535	5,341	0
	1990	0	182,328,000	164,391,359	741,331	0
Committee on Appropriations (studies and investigations)	1988	168,269	0	33,964	0	134,305
	1989	1,144,521	0	921,375	1,124	0
	1990	0	4,595,000	3,733,124	178,185	0
Salaries, officers, and employees	1988	1,696,009	0	(7,488)	0	1,703,497
	1989	596,992	0	35,867	1,347	0
	1990	0	39,040,000	38,897,433	262,573	0
Joint Committee on Taxation	1988	149,511	0	149,511	0	0
	1989	602,323	0	237,329	500	0
	1990	0	4,353,000	4,116,260	7,153	0
Attending physician	1988	73,470	0	0	0	73,470
	1989	1,082,536	0	975,185	0	0
	1990	0	1,399,000	408,210	0	0
Capitol Police—salaries	1989	1,132,119	0	1,229	0	0
	1990	0	27,059,000	26,218,939	0	0

(continued)

**Supplemental Schedule of Appropriations
and Other Funds**

Account	Fiscal year	Funds available—FY 1990		Funds expended—FY 1990		Lapsed appropriations	Unexpended balance September 30, 1990
		Unexpended balance September 30, 1989	FY 1990 Appropriations or receipts	Net disbursements	Transfers		
Capitol Police—general expenses	1988	68,957	0	48,581	0	20,376	0
	1989	379,603	0	348,974	0	0	30,629
	1990	0	1,876,000	1,183,682	0	0	692,318
Official mail costs	1988 and 1989	0	0	0	0	0	0
	1989 and 1990	0	75,328,000	75,256,056	0	0	71,944
Statement of appropriations	1988	9,500	0	0	0	9,500	0
	1989	10,000	0	0	0	0	10,000
	1990	0	10,000	0	0	0	10,000
House Stationery Revolving Fund	no year	2,766,781	3,283,925	9,015,152	(5,980,669)	0	3,016,223
Page Revolving Fund	no year	929,132	316,190	163,588	0	0	1,081,734
House Beauty Shop Revolving Fund	no year	26,219	315,223	315,877	244	0	25,321
House Barber Shop Revolving Fund	no year	5,748	39,463	12,543	0	0	32,668
House Recording Studio Revolving Fund	no year	804,443	22,296	449,506	(423,262)	0	800,495
Attending Physician Revolving Fund	no year	2,105	1,553	25	0	0	3,633
State Withholding Taxes—Suspense Account	no year	(213)	16,441,798	16,441,768	0	0	(183) ^a
Suspense Account	no year	13,023	10,127	10,127	0	0	13,023
General Fund Receipts	no year	0	59,553	0	59,553	0	0
Gifts to the United States for reduction of the public debt	no year	0	28,038	0	28,038	0	0
Preparation of new edition of U.S. Code	no year	80,914	0	0	0	0	80,914
House Records and Registration—Suspense Account "B"	no year	143,426	0	0	0	0	143,426
Broadcasting of Floor Proceedings—Suspense Account "D"	no year	117,086	0	0	0	0	117,086
Total		\$56,437,521	\$657,781,166	\$661,040,568	\$87,591	\$16,561,925	\$36,528,603

^aThese negative balances do not indicate Anti-Deficiency Act violations because the accounts are part of a single appropriation which as of September 30, 1990, had a positive unexpended balance.

Ordering Information

The first five copies of each GAO report are free. Additional copies are \$2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary. Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.

U.S. General Accounting Office
P. O. Box 6015
Gaithersburg, MD 20877

Orders may also be placed by calling (202) 275-6241.

**United States
General Accounting Office
Washington, D.C. 20548**

**Official Business
Penalty for Private Use \$300**

**First-Class Mail
Postage & Fees Paid
GAO
Permit No. G100**